

otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 9.9 - Consent of Port: Whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from an authorized representative of The Port of Portland.

Section 9.10 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 9.11 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein and shall have the right to examine and inspect said Premises from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same. To the extent possible, examinations or inspections shall be conducted at mutually agreeable times.

Section 9.12 - Time of the Essence: Time is of the essence of each and every payment term of this Lease.

Section 9.13 - Regulations: The Port may, from time to time, adopt and enforce rules and regulations not in conflict with the terms of this lease with respect to the use of said premises, and Lessee agrees to observe and obey such rules and regulations.

Section 9.14 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 9.15 - Modification: Unless specifically provided herein, this Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 9.16 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives, successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 9.17 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port

may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 9.18 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by regular mail to the last address previously furnished by the parties hereto or by personal delivery to a local representative of Lessee. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at 5555 N. Channel Avenue, Building 63, Portland, Oregon 97217.

Section 9.19 - Warranty of Authority: The individuals executing this Agreement warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting herein.

Section 9.20 - Advances by Port: If Lessee shall fail to do anything required to be done by it under the terms of this Agreement, except for payments due from Lessee to the Port, or Lessee requests the Port to do some act or thing, the Port may, at its sole option, after giving written notice to the Lessee, do such act or thing on behalf of Lessee and Lessee shall pay the Port for its entire cost or expense in performing such act or thing, said payment to be made within 30-days after date of invoice from the Port.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

CASCADE GENERAL

THE PORT OF PORTLAND

By Loy Kahler

By R. H. W. [Signature]
Executive Director

By Ernest Bradley

APPROVED AS TO LEGAL SUFFICIENCY:

EXHIBIT B

UTILITY CHARGES

For the authorized purposes of this lease, the following utilities will be provided at the stated rates:

UTILITY		RATE	APPLIC.
Electricity	Metered	@ \$0.08/KWH	YES
Natural Gas	Metered	@ \$0.46/CCF	NO
Steam	Metered	@ \$265.00/Service Day	NO
Compressed Air	Flat Rate	@ \$17.50/Day (Light) (22 Day/Month Min)	YES
Compressed Air	Flat Rate	@ \$70.00/Day (Heavy)	NO
Gas & Oxygen	Metered	@ \$5.00/CCF	YES
Water & Sewer	Flat Rate	@ \$137.50/Month	YES
Utilities	Flat Rate	@ \$____/SF	NO
Area Heat		Office Area Only	NO
Air Conditioned		HVAC Areas Only	NO

Utilities ____ sf @ \$____/sf = \$_____ per month YES/NO

All other utilities, including telephone service, refuse collection and janitorial services are the responsibilities of the Lessee.

The rates are subject to change upon 30-days notice.



BUILDING #1 - EPOCH FLW

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D. JACKSON

1995: 1995

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THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT
PORTLAND SHIP REPAIR YARD

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THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT
PORTLAND SHIP REPAIR YARD

THIS AGREEMENT, made and entered into this 14th day of July, 1982, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and Dillingham Ship Repair, a corporation organized and existing under the laws of the State of Oregon, hereinafter referred to as Contractor,

W I T N E S S E T H:

WHEREAS, the Port is the owner of the Portland Ship Repair Yard (PSRY), the boundaries of which are shown on Exhibit I attached hereto and by this reference made a part hereof, located in the County of Multnomah, state of Oregon, and operates the same for the promotion, accommodation, and development of ship repair, conversion, and construction; and

WHEREAS, the Port shall enter into a Common Use Agreement with Contractor and all other prime ship repair contractors engaging in the ship repair business at the PSRY, permitting the use of the PSRY in common with others,

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective parties, IT IS AGREED as follows:

ARTICLE I - DEFINITIONS

The terms defined in this Section for all purposes of this Use Agreement shall have the following meanings, except where the context or clear implication requires otherwise:

A. "PSRY" means the Portland Ship Repair Yard, shown on Exhibit 1 attached, which is owned and operated by the Port.

B. "Prime Ship Repair Contractor" is a business or company engaged in ship repair, conversion, or construction in Portland, Oregon, using the facilities of the PSRY and charging for such services directly to the ship owner or operator. The plural refers to the group of prime ship repair contractors who are signatory to a Ship Repair Yard Use Agreement.

C. "Majority of Interest" means more than fifty percent (50%) of the voting shares and at least two (2) in number of the prime ship repair contractors signatory to a Ship Repair Yard Use Agreement. Voting shares will be proportional to the use fee contribution of the individual contractors during the preceding four (4) calendar quarters, or since inception until this Use Agreement shall have been in effect for four (4) calendar quarters.

D. "Ordinance No. 255" is the Port of Portland ordinance enacted March 23, 1977, that authorized the \$84 million Shipyard and Dry Dock Improvement Bonds, 1977 Series, which regulates in part, the sources and uses of funds from the facilities developed under that program.

ARTICLE II - TERM

The term of this Use Agreement shall be retroactive to February 1, 1982, and shall terminate on June 30, 1986, unless sooner terminated under the provisions of this Use Agreement. At the conclusion of said period, the Port and the prime ship repair contractors shall undertake discussions to determine if a financial necessity exists to continue such a fee generating agreement. In the event that it is agreed a fee generating agreement is still required, the Port and the prime ship repair contractors will undertake discussions and negotiations to extend this Use Agreement or enter into a new agreement for the rehabilitation of the PSRY and the use thereof by prime ship repair contractors at reasonable and competitive rates, fees, and charges.

ARTICLE III - CONTRACTOR RIGHTS AND OBLIGATIONS

Section 3.01 - Common User Rights: Subject to the terms and provisions hereof, Contractor, in common with all other prime ship repair contractors and other users using the PSRY, may utilize the PSRY and its appurtenances for the purpose of conducting Contractor's business of ship repair, conversion, and construction.

Section 3.02 - Contractor Maintenance: Contractor shall require its employees and agents to maintain and keep those portions of the PSRY used by it in a neat, clean, and orderly condition, free from litter, debris, refuse, petroleum products, or grease that may result from the use of said areas in its ship repair activity.

Section 3.03 - Removal of Debris: Contractor shall promptly remove any debris, materials, supplies, equipment, or other items used by Contractor from any part of the PSRY and may place any such debris, etc., only in such storage areas as may be designated by the Port and may store such debris, etc., only for such length of time and upon such terms and conditions as may be set forth in the then current PSRY Tariff. Should Contractor fail to remove any of its debris, etc., promptly in accordance with this Section, the Port may, but shall not be obligated to, cause the removal of such debris, etc., and Contractor agrees to reimburse the Port for all costs of such removal and Contractor further hereby releases the Port from any and all claims for damage to the material or otherwise arising from or in any way connected with such removal by the Port.

Section 3.04 - Exclusive Building Space: Contractor may provide, at its expense, adequate space and other facilities for its ship repair activities and such other general offices and exclusive use space as it may require in those portions of the PSRY assigned to it by the Port. For this purpose, Contractor herewith agrees to enter into a Lease(s) and Agreement(s) for the space so required by it for such purpose subject to the negotiation of an agreement containing mutually acceptable terms.

Section 3.05 - Signs: Contractor may erect and maintain suitable signs or identification at the PSRY with the prior written consent of the Port. Prior to the erection, construction, or placing of any

signs or identification on the PSRY, Contractor shall submit to the Port, for its approval in writing, such drawings, sketches, design, dimensions, type and character of identification, and any conditions, restrictions, or limitations with respect to the use thereof stated by the Port shall become conditions hereof as though set forth herein in full.

Section 3.06 - Ingress, Egress, and Purchase of Supplies:

Subject to and in accordance with all applicable laws and ordinances and such reasonable rules and regulations as may be adopted by the Port for the regulation thereof, Contractor shall have the right and privilege over the roads, ways, and public areas of the PSRY of ingress to and egress from any premises it might occupy in the PSRY pursuant to the Leases and Agreements between the Port and the Contractor, and the public facilities used in connection therewith, for its agents, servants, or employees and patrons, invitees, its suppliers of material, fuel and furnishers of services, and its equipment, vehicles, machinery, necessary or required, for the performance of its ship repair business conducted at the PSRY, and no charges, fees, or tolls shall be imposed by the Port upon Contractor or any of said persons for the right of ingress and egress and for the privilege of selling supplies, materials, fuel, equipment, and services.

Contractor shall be free, at all times, to select suppliers, surveyors, and furnishers of materials, supplies, equipment, and services of its own choosing. Nothing in this Section shall be construed as in

any way limiting the general powers of the Port fully to exercise its governmental functions.

ARTICLE IV - MAINTENANCE, OPERATION AND REHABILITATION OF PSRY

Section 4.01 - Maintenance and Operation of PSRY: The Port agrees that it will maintain and operate with reasonable diligence the PSRY and all common user and public appurtenances, facilities, and services now or hereafter connected therewith as the same relate to Contractor's ship repair business, and will develop, maintain, and operate the PSRY in all respects in a manner consistent with standards established herein.

Section 4.02 - Rehabilitation of PSRY:

A. The Port and the prime ship repair contractors have agreed upon the rehabilitation program and scheduling thereof for the PSRY for the period from February 1, 1982, through June 30, 1986. This schedule is attached hereto as Exhibit 2 and incorporated herein. Said schedule shows the estimated costs of the rehabilitation and the sequence in which work will be performed. The Port will proceed with all reasonable dispatch to complete the projects as shown upon said schedule provided funds are available. Cost estimates shown on Exhibit 2 are subject to adjustment by the Port in the costs of construction.

B. It is recognized that it may become desirable to accelerate or adjust the time for construction of items appearing upon said

schedule or to make substantial changes. When it appears to any party to this Use Agreement that the time for construction of any item upon said schedule should be accelerated, adjusted or substantial changes should be made, all parties thereto shall confer to agree upon any modifications.

No acceleration or adjustment of the construction of any item upon said schedule shall be made nor shall substantial changes be made in the schedule unless the Port and a Majority of Interest of the Contractors agree.

C. Notwithstanding the foregoing, additional items may be added by the Port to said schedule if such items are required to comply with valid laws, rules, regulations, or orders of any governmental authority applicable to the PSRY and necessary for the operation of the PSRY. Contractor will be notified of such changes by the Port.

D. Notwithstanding the foregoing, if the Port and the majority of interest reach impasse over the use of funds, the Port reserves the right to use the funds available to it from the Rehabilitation Account established under Section 4.03 for such rehabilitation at the PSRY that the Port deems necessary to protect its assets from deterioration or waste. Contractors will be consulted before any such uses of funds.

Section 4.03 - Financing of Operation, Maintenance, and Rehabilitation: Financing of the operation, maintenance, and rehabilitation

of PSRY, as agreed under Sections 4.01 and 4.02, shall be accomplished through the accrual and expenditure of funds collected under Article V. For the purpose of accruing and disbursing funds for rehabilitation projects described in Section 4.02, the Port shall establish a special PSRY Rehabilitation Account in its General Fund.

ARTICLE V - REVENUES AND RESOURCES

Section 5.01 - Tariff Charges: For the use of dry docks, berths, cranes, utility system, and exclusive open space and other specific facilities, equipment, or services, Contractor agrees to pay charges as set forth in the then-current PSRY Tariff.

Section 5.02 - Lease Revenues: For exclusive space leased under Section 3.03, Contractor agrees to pay such rents as provided in the applicable negotiated Leases and Agreements.

Section 5.03 - PSRY Use Fee: For the non-exclusive use, in common with others, of the land areas described in Exhibit I, Contractor agrees to pay a PSRY Use Fee, the rate of which shall be set from time to time as described in Section 5.08(A).

Section 5.04 - Other Resources: Other revenues and resources, such as those generated from the sale of assets or special leases may be used as working capital for the Rehabilitation Account. Such working capital shall revert to the unrestricted balance of the Port's General Fund at the termination of this agreement.

Section 5.05 - Application of Tariff Charges and Lease Revenues:

Revenues derived under Sections 5.01 and 5.02 in each fiscal year of the Port shall be used and applied in the following priority:

A. Revenues derived from those facilities affected by Ordinance No. 255; in accordance with that Ordinance.

B. Revenues derived from other PSRY facilities:

1. To pay the costs of operation and maintenance, including direct and indirect Port interdepartmental charges.
2. To fund PSRY capital improvements.
3. To fund the PSRY Rehabilitation Account.
4. For any lawful Port purpose.

Section 5.06 - Application of Use/Fee: Grant proceeds and revenues produced under Sections 5.03 in each fiscal year of the Port shall be used to fund the PSRY Rehabilitation Account.

Section 5.07 - Payment:

A. Payments by prime ship repair contractors under Sections 5.01, 5.02, and 5.04 shall be made in accordance with the then-current PSRY Tariff or applicable Lease and Agreement.

B. Payments by prime ship repair contractors under Section 5.03 shall be made as follows:

1. Within thirty (30) calendar days of the end of each calendar quarter, Contractors shall furnish the Port, in a form agreed upon by the parties hereto, an accounting report of all billings as defined in Section 5.08(B). Payment of the Use Fee, the calculation of which is based on such billings is due ninety (90) calendar days from the end of the accrual quarter.
2. Port shall review such accounting report for completeness and independently calculate the PSRY Use Fee in accordance with the then-current rate and render an invoice for any sum due.

Section 5.08 - PSRY Use Fee:

A. The PSRY Use Fee is established at 1.4 percent of Contractor's billings as defined below. This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days' notice of such adjustment. Quotations or bids on work made by Contractor prior to receipt of notice shall not be subject to an increased rate.

B. Billings are defined as all charges made by Contractor for ship repair, conversion, or construction work which has been accom-

plished in whole or in part within the confines of the PSRY as defined in Exhibit 1. This includes charges made by the Contractor for sub-contractors, subsidiaries, vendors, and other suppliers of goods and services but excludes PSRY Tariff charges and bad debts for ship repair, conversion, and construction written off during the calendar quarter. Bad debts written off hereunder but later recovered shall be included in "billings" of the quarter in which recovery occurs.

Section 5.09 - Contractor Records: Contractor shall, at all times, maintain and keep books, ledgers, accounts, or other records at Portland, Oregon, wherein are accurately kept all entries reflecting the total billings and exclusions (per Section 5.08B) of Contractor relative to business conducted in whole or in part within the confines of the PSRY as defined in Exhibit 1. Such books, ledger, accounts or other records shall be audited at the end of the Contractor's fiscal year by Contractor's certified public accounting firm and a certified report will be sent to the Port attesting to the Contractor's meeting the provisions of this agreement.

Section 5.10 - Review of Operating Expenses: The Port agrees that the PSRY will be managed and operated in a prudent and efficient manner, and to this end agrees that Contractor may, jointly with other Contractors at reasonable times and upon reasonable notice, review the Port's operations, costs, and practices at the PSRY for the purpose of suggesting improvements and economies.

ARTICLE VI - INDEMNITY AND INSURANCE

Section 6.01 - Indemnity: The Contractor agrees to indemnify and save and hold harmless The Port of Portland, its commissioners, agents, or employees and the United States of America (Department of the Navy) from and against all claims and actions and expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to person or their property, caused by the fault or negligence of the Contractor, its agents, or employees in the use or occupancy of the ship repair facilities and equipment: provided further that The Port of Portland shall give to the Contractor and the vessel owner prompt and reasonable notice of any such claims or actions and the Contractor and vessel owner shall have the right to investigate, compromise, and defend same.

Section 6.02 - Insurance:

A. Contractor shall, at its expense, maintain in full force and effect during the term of this Use Agreement a Ship Repairer's Legal Liability Policy and a Comprehensive General Liability policy placed with underwriters satisfactory to the Port. The Comprehensive General Liability policy shall be endorsed to include automobile, products/completed operations, personal injury, broad form contractual, and sudden accidental pollution liability and shall specifically recognize and insure the indemnity provisions appearing as Section 6.01 of this Use Agreement between the Port and Contractor. Contractor shall promptly, after execution of this Use Agreement, furnish to the Port appropriate certificates of Insurance evidencing coverage effected and

to be maintained for the term of this Use Agreement. Coverage shall be not less than Five Million Dollars (\$5,000,000) Combined Single Limit or split limits equal to not less than \$5,000,000 for Bodily Injury and Property Damage with respect to each occurrence (or such greater amount as may be mutually determined by Port and Contractor). The insurance policies shall not be subject to cancellation or material change except after notice to the Port by registered mail at least thirty (30) days prior to the date of such cancellation or material change. Where any policy(ies) has(have) normal expiration(s) during the term of this Use Agreement, written evidence of renewal shall be furnished to the Port at least thirty (30) days prior to such expiration.

B. The Port shall, during the term of this Use Agreement, procure and maintain Liability and Property insurance for the PSRY in such amounts and for such insured coverages as Port may determine reasonable to protect the Port's shipyard assets in common use. Proof of insurance will be provided to Contractor upon request.

ARTICLE VII - DEFAULT AND TERMINATION

Section 7.01 - Default: If, during the term hereof,

A. The Contractor shall fail to pay when due and owing any sum due hereunder and such failure shall continue for sixty (60) days; or

B. The Contractor shall fail to observe or perform any other of the Contractor's covenants, agreements, or obligations hereunder and

such failure shall not be cured by Contractor within sixty (60) days after written notice thereof by the Port; or

C. The Contractor's interest in this Use Agreement or any part thereof be mortgaged, pledged, or otherwise encumbered or transferred either voluntarily or by operation of law, or such interest or any part thereof be assigned or sublet by Contractor except in accordance with the provisions of Section 8.05 hereof; or

D. The Contractor shall file any petitions or institute any proceeding under the Bankruptcy Act, either as such Act now exists or under any amendment thereof which may hereafter be enacted, or under any act or acts, State or Federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt, or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the Contractor asks or seeks or prays to be adjudicated a bankrupt, or to be discharged from all or any of Contractor's debts or obligations, or offers to the Contractor's creditors to effect a composition or extension of time to pay the Contractor's debts, or asks, seeks, or prays for a reorganization or to effect a plan of reorganization or for a readjustment of the Contractor's debts, or for any similar relief, or if an involuntary petition in bankruptcy is filed against Contractor and the same is not discharged within sixty (60) days from such filing, or if any other petition or any other proceedings of the foregoing or similar kind of character be filed or be instituted or taken

against the Contractor, or if a receiver of the business or of the property or assets of the Contractor shall be appointed by any court except a receiver appointed at the request of the Port, or the Contractor shall make a general or any assignment for the benefit of the Contractor's creditors;

Then in any such events, the Contractor shall be in default hereunder.

If the Contractor shall be in default hereunder as aforesaid, the Port may, at its election, at the time the Contractor shall be in default hereunder, or at any time thereafter while such event of default shall continue, give the Contractor written notice of intention to terminate this Use Agreement on a date specified in said notice, which date shall not be earlier than ten (10) days after such notice is given, and if all defaults have not been cured on the date so specified, the Contractor's rights, privileges, and possessions under this Use Agreement shall cease, and with or without re-entry by the Port, this Use Agreement and the term hereof shall thereupon cease, and the Port may cancel all of Contractor's rights and privileges as specified in Article III, and Contractor shall forthwith surrender possession thereof; provided that, Contractor shall be and shall remain liable for all charges accrued hereunder to the date such termination becomes effective and for all other sums then owing by Contractor hereunder.

Section 7.02 - Termination at Option of Port: The Port may, at its option, terminate and cancel this Use Agreement immediately upon the abandonment for a period of ninety (90) days by the Contractor of the conduct of its business at the PSRY or in the Port District if not based at the PSRY.

Section 7.03 - Termination at Option of Contractor: Contractor may, at its option, terminate this Use Agreement immediately upon the occurrence of any of the following:

A. The material restriction of the Port's operation of the PSRY by action of the United States Government or any authorized agency thereof, under its wartime or emergency powers and the continuance thereof for a period of not less than ninety (90) days.

B. The default by the Port in the performance of any covenant or agreement herein required to be performed by the Port and the failure of the Port to remedy such default for a period of sixty (60) days after receipt from Contractor of written notice to remedy the same; provided, however, no notice of termination, as above provided, shall be of any force or effect if the Port shall have remedied the default prior to receipt of Contractor's notice of termination.

ARTICLE VIII - GENERAL PROVISIONS

Section 8.01 - Use Agreement Subordinate to Bond Ordinance: This Use Agreement and all rights of the Contractor hereunder are expressly subordinated and subject to the lien and provisions of any pledge or

assignment made by the Port to secure any Bonds and to the rights of the Trustee appointed under Ordinance No. 255 and the holders of said Bonds issued under Ordinance No. 255 and to the terms and conditions of Ordinance No. 255, and the Port and Contractor agree that the Trustee and, to the extent permitted by Ordinance No. 255, the holders of the said Bonds shall possess, enjoy, and may exercise all rights of the Port hereunder to the extent such possession, enjoyment, and exercise are necessary to ensure compliance by Contractor and the Port with the terms and provisions of this Use Agreement.

Section 8.02 - Conflicting Regulations: If there are conflicts in rules, regulations, or tariffs of the Port of Portland and this Agreement, then this Use Agreement shall govern.

Section 8.03 - Rules and Regulations: The Port shall have the right to adopt and enforce reasonable tariff rules and regulations not in conflict with the terms of this Use Agreement with respect to the use of the PSRY, which Contractor agrees to observe and obey.

Section 8.04 - Assignment. Neither Contractor nor any assignee or other successor of Contractor shall in any manner, directly or indirectly, by operation of law or otherwise, assign, transfer, or encumber any of Contractor's rights in and to this Use Agreement or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port. Contractor shall have the right to assign all or any

part of its rights and interests under this Use Agreement to any successor to its business through merger, consolidation, or voluntary sale or transfer of substantially all of its assets, and the consent of the Port thereto shall not be required, but due notice of any such assignment shall be given to the Port within sixty (60) days after such assignment is executed.

Section 8.05 - Nonwaiver: Any waiver of any breach of covenants herein contained to be kept and performed by either party hereto shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent the other party hereto from declaring a forfeiture, termination, or cancellation for any succeeding breach either of the same condition or covenant or otherwise. Acceptance of payment of rental shall not be deemed a waiver.

Section 8.06 - Continuity of Work: Contractor may not engage in activities or abandon work in progress which would have the effect of denying use in common with others of the PSRY.

Section 8.07 - Disputes: Any dispute arising out of the application of terms of this Use Agreement, except issues requiring the approval of the Majority of Interest, not settled through negotiations, shall be forwarded to a third party arbitrator of mutual selection that will make the final and binding ruling as to the settlement of the dispute.

Section 8.08 - Advances by Port: If Contractor shall fail to do anything that affects the common use of the facility under the terms of this Use Agreement, the Port may, at its sole option, after giving written notice to Contractor, do such act or thing on behalf of Contractor, and upon notification to Contractor of the cost thereof by the Port, Contractor shall promptly pay the Port the amount of that cost.

Section 8.09 - Attorneys' Fees: In the event any action, or suit or proceeding is brought to collect the fees and charges due, or to become due hereunder, or any portion thereof, or to take possession of any premises or enforce compliance with this Use Agreement, or for failure to observe any of the covenants of this Use Agreement, the prevailing party in such suit or action shall be entitled to such sum as the court may adjudge reasonable as attorneys' fees to be allowed in such suit, action, or proceeding, or in the event of an appeal, as allowed by the appellate court.

Section 8.10 - Statutory Provisions: This Use Agreement is subject to the provisions of Oregon Revised Statutes 279.312 through 279.320, inclusive, which, by this reference, are incorporated herein as fully as though set forth verbatim.

Section 8.11 - Headings: The Article and Section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Use Agreement.

Section 8.12 - Approval or Direction by Port: Wherever consent, approval, or direction by the Port is required in this Use Agreement, such consent, approval, or direction by the Port shall be effective only if given by the Executive Director of the Port or his designee in the manner as set forth in this Use Agreement. Nothing requiring consent, approval, or direction from the Port shall be unreasonably requested by Contractor nor shall such consent, approval, or direction be unreasonably withheld by the Port.

Section 8.13 - Favored Nations: The Port agrees that it will not set more favorable terms and conditions for any other Contractor for comparable rights at the PSRY than those being set for Contractor hereunder (except for the effective date hereof).

Section 8.14 - Notices: All notices required under this Use Agreement shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, attention Executive Director, and to Contractor at Dillingham Ship Repair, Post Office Box 4367, Portland Oregon, 97208

_____. Date of service of such notice shall

be the date such notice is deposited in a Post Office of the United States Postal Service, postage prepaid.

IN WITNESS WHEREOF, the parties hereto have subscribed their names this 14th day of July, 1982.

CONTRACTOR

By

Scott Fitzgerald

By

Ernest M. Brawley

THE PORT OF PORTLAND

By

John C. Calver
President

By

Alvin A. Underwood
Assistant Secretary

APPROVED AS TO FORM

Dorothy J. Cudjor
Counsel for
The Port of Portland

06/16/82
0401L:79A276

Approved by Commission

Date 7-14-82

EXHIBIT 2
PORTLAND SHIP REPAIR YARD
FACILITY RESTORATION PROGRAM BUDGET
Revised July 1, 1982

<u>NO.</u>	<u>ITEM/DESCRIPTION</u>	<u>FY 81/82 AMOUNT</u>	<u>FY 82/83 AMOUNT</u>	<u>FY 83/84 AMOUNT</u>	<u>FY 84/85 AMOUNT</u>	<u>FY 85/86 AMOUNT</u>	<u>ALL YEARS TOTAL</u>
<u>Civil Work</u>							
29670	Cell Monitoring	\$ 40,000	\$ 10,000	\$ -0-	\$ -0-	\$ -0-	\$ 50,000
	- Purchase instruments, set & monitor bulkhead & cells for structural performance.						
87950	Fac Rest - Civil	-0-	375,000	265,000	300,000	335,000	1,275,000
<hr/>							
	Total Civil Work	\$ 40,000	\$ 385,000	\$ 265,000	\$ 300,000	\$ 335,000	\$1,325,000
<hr/>							
<u>Buildings</u>							
29671	Inspect Crane Rails	\$ 10,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 10,000
	- Insp. Bldg 4/63 rails, anchoring connections, crane beams and supports. Survey elevations for data base.						
	General Bldg Improvements	5,000	35,000	-0-	-0-	-0-	40,000
	- Bldg 50 door header (4-8)						
	- Bldg 9 door header (4-11), fastener reseal/roof reinforce (4-11)						
	- Bldg 63 fastener reseal/roof reinforce (4-13)						
87951	Fac Rest - Buildings	-0-	175,000	290,000	325,000	370,000	1,160,000
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	Total Buildings	\$ 15,000	\$ 210,000	\$ 290,000	\$ 325,000	\$ 370,000	\$1,210,000
<hr/>							

PSY100002427

NO.	ITEM/DESCRIPTION	FY 81/82 AMOUNT	FY 82/83 AMOUNT	FY 83/84 AMOUNT	FY 84/85 AMOUNT	FY 85/86 AMOUNT	ALL YEARS TOTAL
<u>Mechanical Utilities</u>							
29653	Steam System Intertie	\$ 183,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 183,000
	- Interconnect old yard steam system w/new yard supply						
29685	Steam System Improvements	40,000	60,000	-0-	-0-	-0-	100,000
	- Remove two existing deaerators & replace w/ high efficiency model. Install new chemical feed water system (5-7) [\$50,000].						
	- Install automatic O ₂ trim system in CUB (5-7) [\$30,000].						
	- Insulate steam line along B301 (5-7) [\$10,000].						
	- Extend boiler alarm from Bldg 58 to CUB (new) [\$10,000].						
	Repair Air System Leaks/Valves	-0-	17,000	-0-	-0-	-0-	17,000
	- Implement leak sealing program						
87952	Fac Rest - Mechanical	-0-	154,000	172,000	195,000	215,000	736,000
	Total Mechanical Utilities	\$ 223,000	\$ 231,000	\$ 172,000	\$ 195,000	\$ 215,000	\$1,036,000

Electrical Utilities

29661	Electrical Utility System Improvements	\$ 100,000	\$ 275,000	\$ -0-	\$ -0-	\$ -0-	\$ 375,000
	- Recondition Sub 1 (6-20/22) [\$130,000]						
	- Servic/test HV system (6-22/23) [\$28,000]						

NO.	ITEM/DESCRIPTION	FY 81/82 AMOUNT	FY 82/83 AMOUNT	FY 83/84 AMOUNT	FY 84/85 AMOUNT	FY 85/86 AMOUNT	ALL YEARS TOTAL
	- Rehab sub buildings [\$26,000]						
	- Rehab outdoor primary switch gear (6-26/27) [\$63,000]						
	- Conduct load fault current survey [\$43,000]						
	- Inspect/repair ship service stat at B301-305 (6-28) [\$35,000]						
	- Repair B301 Elect (new) [\$50,000]						
8-53	Fac Rest - Electrical	-0-	890,000	720,000	548,000	144,000	2,302,000
Total Electrical Utilities		\$ 100,000	\$1,165,000	\$ 720,000	\$ 548,000	\$ 144,000	\$2,677,000

Equipment

29683	Rehab American Crane	\$ 10,000	\$ 10,000	\$ -0-	\$ -0-	\$ -0-	\$ 20,000
	- Design rehab of 1-A crane drive system (7-27)						
29684	Rehab Washington Cranes	37,000	100,000	-0-	-0-	-0-	137,000
	- Gantry drive system rehab (7-10/11) [\$125,000]						
	- Develop maintenance drawings [\$12,000]						
29686	Purchase 13,000# Lift Truck	3,000	40,000	-0-	-0-	-0-	43,000
	- Replace SRY #15 (7-32)						
	Washington Cranes Structural Rehab	-0-	101,000	-0-	-0-	-0-	101,000
	- Complete annual crane insp [\$15,000]						
	- Touch up paint [\$35,000]						

<u>NO.</u>	<u>ITEM/DESCRIPTION</u>	<u>FY 81/82 AMOUNT</u>	<u>FY 82/83 AMOUNT</u>	<u>FY 83/84 AMOUNT</u>	<u>FY 84/85 AMOUNT</u>	<u>FY 85/86 AMOUNT</u>	<u>ALL YEARS TOTAL</u>
	- Weatherize cabs [\$25,000] - Replace machine house decking [\$25,000]						
	Clyde Crane Rehab	-0-	8,000	-0-	-0-	-0-	8,000
	- Service, repair & paint						
87954	Rac Rest. - Cranes & Equipment	-0-	1,631,000	1,255,000	938,000	1,040,000	4,864,000
<hr/> Total Equipment		\$ 50,000	\$1,890,000	\$1,255,000	\$ 938,000	\$1,040,000	\$5,173,000
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<u>Administration</u>							
29328	Fac Condition Survey	\$ 12,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 12,000
29682	Update Fac. Condition Survey	13,000	25,000	10,000	10,000	10,000	68,000
<hr/> Total Administration		\$ 25,000	\$ 25,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 80,000
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TOTAL RESTORATION PROGRAM BUDGET		\$ 453,000	\$3,906,000	\$2,712,000	\$2,316,000	\$2,114,000	\$11,501,000
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THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT

PORTLAND SHIP REPAIR YARD

Amendment No. 1

WHEREAS, by an agreement between THE PORT OF PORTLAND, hereinafter referred to as Port, and DILLINGHAM SHIP REPAIR, hereinafter referred to as Contractor, dated _____, the Port entered into a Ship Repair Yard Use Agreement, hereinafter referred to as Original Agreement, with Contractor and all other prime ship repair contractors engaging in the ship repair business at the Portland Ship Repair Yard, hereinafter referred to as PSRY, permitting the use of the PSRY in common with others, setting Contractor rights and obligations, defining the maintenance, operation, and rehabilitation of PSRY, defining fees and their uses and other general provisions; and

WHEREAS, the majority of interest of the Prime Ship Repair Contractors and the Port have entered into negotiations and have agreed to modify said Agreement;

NOW, THEREFORE, the Original Agreement is amended as follows:

ARTICLE II - TERM

The term of the Original Agreement shall be extended until June 30, 1990.

ARTICLE V - REVENUES AND RESOURCES

1. Change Section 5.03 to read as follows:

Section 5.03 - PSRY Use Fee:

- A. For the non exclusive use, in common with others, of the land areas described in Exhibit 1, Contractor agrees to pay a PSRY Rehabilitation Fee, the rate of which shall be set from time to time as described in Section 5.08 (A).
- B. For the use of the facilities within the boundaries described in Exhibit 1, for a specific business contract, Contractor agrees to pay a PSRY Use Fee, the rate of which shall be set from time to time as described in Section 5.08 (B).

2. Change Section 5.06 as follows:

Section 5.06 - Application of Fees

- A. Grant proceeds and revenues produced under Section 5.03 (A) in each fiscal year of the Port shall be used to fund the PSRY Rehabilitation Account.
- B. Revenues produced under Section 5.03 (B) in each fiscal year of the Port shall be used in accordance with Section 5.05.

3. Change Section 5.07 (B) as follows:

Payments by prime ship repair contractors under Sections 5.03 (A) and 5.03 (B) shall be made as follows:

At the end of each calendar month, Contractors shall furnish to the Port, in a form agreed upon by the parties hereto, an accounting report of all billings as defined in Section 5.08 (C). The Port shall review such accounting reports for completeness and independently calculate the Rehabilitation Fee and the Use Fee in accordance with the then-current rate and render an invoice for any sum due. Payment of the Rehabilitation Fee and the Use Fee is subject to the same terms and conditions as prescribed in the then current PSRY Tariff.

4. Change Section 5.08 as follows:

Section 5.08 - PSRY Rehabilitation Fee and Use Fee:

- A. The PSRY Rehabilitation Fee is established at 1.4 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.
- B. The PSRY Use Fee is established at 4.3 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.

- C. Billings are defined as all charges made by Contractor for ship repair, conversion, or construction work which has been accomplished in whole or in part within the confines of the PSRY as defined in Exhibit 1. This includes charges made by the Contractor for subcontractors, subsidiaries, vendors, and other suppliers of goods and services but excludes PSRY Tariff charges and bad debts for ship repair, conversion, and construction written off during the month. Bad debts written off hereunder but later recovered shall be included in "billings" of the month in which recovery occurs. Billings used as a basis for Port charges and fees are subject to modification based on negotiations between the parties prior to application of such charges and fees.

Except as modified by this Amendment No. 1, the Original Agreement is affirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed their names
this 19 day of February, 1981.

CONTRACTOR

By

Scott Fitzwater
Scott Fitzwater

THE PORT OF PORTLAND

By

[Signature]
EXECUTIVE DIRECTOR

By

APPROVED AS TO LEGAL SUFFICIENCY
BY COUNSEL

M B P [Signature]

THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT
PORTLAND SHIP REPAIR YARD

Amendment No. 2

WHEREAS, by an agreement between THE PORT OF PORTLAND, hereinafter referred to as Port, and DILLINGHAM SHIP REPAIR, hereinafter referred to as Contractor, dated July 14 1982, ~~1985~~, the Port entered into a Ship Repair Yard Use Agreement, hereinafter referred to as Original Agreement, with Contractor and all other Prime Ship Repair Contractors engaging in the ship repair business at the Portland Ship Repair Yard, hereinafter referred to as PSRY, permitting the use of the PSRY in common with others, setting Contractor rights and obligations, defining the maintenance, operation, and rehabilitation of PSRY, defining fees and their uses and other general provision; and

WHEREAS, the majority of interest of the Prime Ship Repair Contractors and the Port have entered into negotiations and have agreed to modify said Agreement;

NOW, THEREFORE, the Original Agreement, as previously amended by Amendment No. 1, is amended further to read as follows:

Change Section 5.08C as follows:

Billings are defined as all charges made by Contractor for ship repair, conversion, or construction work which has been accomplished in whole or in part within the confines of the PSRY as defined in Exhibit 1. This includes, but is not limited to, charges made by the Contractor for subcontractors, subsidiaries, vendors, and other suppliers of goods and services, but excludes amounts charged by Contractor for recovery of PSRY Rehabilitation Fees and Use Fees; PSRY Tariff charges; and bad debts for ship repair, conversion, and construction written off during the month. Bad debts written off hereunder, but later recovered shall be included in "billings" of the month in which recovery occurs. Billings used as a basis for Port charges and fees are subject to modification based on negotiations between the parties prior to application of such charges and fees.

Except as modified by this Amendment No. 2, the Original Agreement and Amendment No. 1 are affirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed their names this 1 day of October, 1985.

CONTRACTOR

By

Scott Fitzgerald

By

Constance Prowley

THE PORT OF PORTLAND

[Signature]

EXECUTIVE DIRECTOR

APPROVED AS TO LEGAL SUFFICIENCY
BY COUNSEL

M B Playfair



Port of Portland

Box 3529 Portland, Oregon 97208
503/231-5000
TWX: 910-464-5105

F - copy
TO use
Agreement
FILE


June 17, 1987

D. Scott Fitzwater
Dillingham Ship Repair
5555 N. Channel Avenue
Portland OR 97217

Ronald Walquist
Northwest Marine Iron Works
5555 N. Channel Avenue
Portland OR 97217

Gentlemen:

At your request, the Port of Portland consents to Dillingham Ship Repair assignment unto Northwest Marine Iron Works of its drydocking waterberth and shore services rights with the Port of Portland for the repair work being performed upon Coast Guard Ice Breaker POLAR SEA for the duration of the yard repair period. The assignment shall be effective on or about June 26, 1987, at 5:00 p.m. with charges due the Port of Portland to that date and hour being the responsibility of Dillingham Ship Repair or at the date of novation of the Coast Guard contract for Dillingham Ship Repair Company's account. Port of Portland charges after June 26, 1987, at 5:00 p.m. or the date and hour of said novation shall be for the account of Northwest Marine Iron Works. Nothing stated herein shall release Dillingham from any accrued obligation it may have for work on the POLAR SEA.

By: 
PORT OF PORTLAND



Port of Portland offices located in Portland, Oregon, U.S.A., Boise, Idaho, Chicago, Illinois, New York, N.Y., Washington, D.C., Hong Kong, Manila, Seoul, Singapore, Sydney, Taipei, Tokyo, Henley-on-Thames, England

PSY100002436

THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT

PORTLAND SHIP REPAIR YARD

Amendment No. 1

WHEREAS, by an agreement between THE PORT OF PORTLAND, hereinafter referred to as Port, and LFS MARINE INC, hereinafter referred to as Contractor, dated 4/2/85, the Port entered into a Ship Repair Yard Use Agreement, hereinafter referred to as Original Agreement, with Contractor and all other prime ship repair contractors engaging in the ship repair business at the Portland Ship Repair Yard, hereinafter referred to as PSRY, permitting the use of the PSRY in common with others, setting Contractor rights and obligations, defining the maintenance, operation, and rehabilitation of PSRY, defining fees and their uses and other general provisions; and

WHEREAS, the majority of interest of the Prime Ship Repair Contractors and the Port have entered into negotiations and have agreed to modify said Agreement;

NOW, THEREFORE, the Original Agreement is amended as follows:

ARTICLE II - TERM

The term of the Original Agreement shall be extended until June 30, 1990.

ARTICLE V - REVENUES AND RESOURCES

1. Change Section 5.03 to read as follows:

Section 5.03 - PSRY Use Fee:

- A. For the non exclusive use, in common with others, of the land areas described in Exhibit 1, Contractor agrees to pay a PSRY Rehabilitation Fee, the rate of which shall be set from time to time as described in Section 5.08 (A).
- B. For the use of the facilities within the boundaries described in Exhibit 1, for a specific business contract, Contractor agrees to pay a PSRY Use Fee, the rate of which shall be set from time to time as described in Section 5.08 (B).

2. Change Section 5.06 as follows:

Section 5.06 - Application of Fees

- A. Grant proceeds and revenues produced under Section 5.03 (A) in each fiscal year of the Port shall be used to fund the PSRY Rehabilitation Account.
- B. Revenues produced under Section 5.03 (B) in each fiscal year of the Port shall be used in accordance with Section 5.05.

3. Change Section 5.07 (B) as follows:

Payments by prime ship repair contractors under Sections 5.03 (A) and 5.03 (B) shall be made as follows:

At the end of each calendar month, Contractors shall furnish to the Port, in a form agreed upon by the parties hereto, an accounting report of all billings as defined in Section 5.08 (C). The Port shall review such accounting reports for completeness and independently calculate the Rehabilitation Fee and the Use Fee in accordance with the then-current rate and render an invoice for any sum due. Payment of the Rehabilitation Fee and the Use Fee is subject to the same terms and conditions as prescribed in the then current PSRY Tariff.

4. Change Section 5.08 as follows:

Section 5.08 - PSRY Rehabilitation Fee and Use Fee:

- A. The PSRY Rehabilitation Fee is established at 1.4 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.
- B. The PSRY Use Fee is established at 4.3 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.

C. Billings are defined as all charges made by Contractor for ship repair, conversion, or construction work which has been accomplished in whole or in part within the confines of the PSRY as defined in Exhibit 1. This includes charges made by the Contractor for subcontractors, subsidiaries, vendors, and other suppliers of goods and services but excludes PSRY Tariff charges and bad debts for ship repair, conversion, and construction written off during the month. Bad debts written off hereunder but later recovered shall be included in "billings" of the month in which recovery occurs. Billings used as a basis for Port charges and fees are subject to modification based on negotiations between the parties prior to application of such charges and fees.

Except as modified by this Amendment No. 1, the Original Agreement is affirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed their names
this 2 day of APRIL, 1985

CONTRACTOR

By L & S MARINE INC
David P. KES

By _____

THE PORT OF PORTLAND

By [Signature]
EXECUTIVE DIRECTOR

By _____

APPROVED AS TO LEGAL SUFFICIENCY
BY COUNSEL

M. B. Playfair

MONTH-TO-MONTH
LEASE OF IMPROVED SPACES



THIS LEASE, dated February 2, 1987, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and NEIL F. LAMPSON, INC., a corporation organized under the laws of the State of Washington, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of approximately One Acre (43,560 square feet) which is on the date of this Lease improved and commonly known as Module Site (hereinafter referred to as "Premises").

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Equipment storage, maintenance, and operations within Module Site.

ARTICLE II - TERM

Section 2.01 - Term: The term of this lease shall commence on January 1, 1987, and shall continue indefinitely, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of Six Hundred Dollars (\$600.00) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no

liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and ~~from any~~ and all claims arising from ~~any~~ breach or default on the ~~Port~~ ^{part} of the Lessee in the ~~Performance~~ ^{performance} of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose

of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone excepted.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in

addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them,

forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession ^{and} ~~any~~ ^{of any} and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.

Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic' lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provision of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee

forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

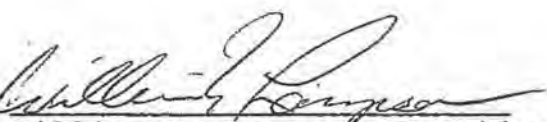
Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at Neil F. Lampson, Inc., 607 Columbia Drive, Kennewick, Washington 99336.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

NEIL F. LAMPSON, INC.

THE PORT OF PORTLAND

By 
William N. Lampson, President

By 
Executive Director


By _____

By _____

APPROVED AS TO FORM:

APPROVED AS TO LEGAL SUFFICIENCY:

Counsel for Lessee


Counsel for The Port of Portland

ATTACHMENT 'A'

This disclosure statement refers to the lease dated February 2, 1987 between the PORT OF PORTLAND and NEIL F. LAMPSON, INC., for the month-to-month rental of the improved space commonly known as One Acre, Module Site.

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

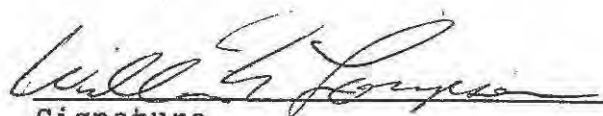
<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
Y	Electricity	(\$0.08/kwh)
Y	Natural Gas	(\$0.46/ccf)
N	Steam	(\$265.00/service day)
Y	Compressed Air	(\$17.50/workday-Light Service) (\$70.00/workday-Heavy Service)
Y	Oxygen-with Gas	(\$5.00/100 cf of Gas Consumed)
N	Area Heat	Not Available
N	Area Air Cond.	Not Available
Y	Water	(\$4.00/ccf of Water consumed)
Y	Sewer	-or- (\$137.50/month)
N	Flat rate	

TELEPHONE SERVICE, REFUSE COLLECTION, AND JANIITORIAL SERVICES ARE THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

There will be no charge for any utilities unless used by Lessee.

ACKNOWLEDGED:


Signature

4/23/87
Date

MONTH-TO-MONTH
LEASE OF IMPROVED SPACES

THIS LEASE, dated July 29, 1985, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and LOCKPORT MARINE COMPANY, a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of approximately Twenty-Five Thousand (25,000) square feet which is on the date of this Lease improved and commonly known as Building 4, Bay 2 (hereinafter referred to as "Premises").

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Ship repair and related activities.

ARTICLE II - TERM

Section 2.01 - Term: The term of this Lease shall commence on June 1, 1985, and shall continue indefinitely, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of Five Thousand Five Hundred Dollars (\$5,500.00) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee at the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term

without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up

said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone expected.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them, forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession and of any and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the

date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.

Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic's lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provisions of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives, successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises or facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or

taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.


IN WITNESS WHEREOF, the parties hereto have subscribed their names.

LOCKPORT MARINE COMPANY

THE PORT OF PORTLAND

By _____

By 
EXECUTIVE DIRECTOR

By 

By _____

APPROVED AS TO FORM:

APPROVED AS TO LEGAL SUFFICIENCY:

Counsel for Lessee


Counsel for The Port of Portland

ATTACHMENT A
MONTH-TO-MONTH AGREEMENT
FOR UTILITY SERVICES
IN PSRY BUILDING 4

This disclosure statement is attached to and a part of the lease dated _____ between the PORT OF PORTLAND and LOCKPORT MARINE COMPANY for the lease of improved space known as Building 4, Bay 2. For the purposes of this lease, the following utilities are provided at the stated rates subject to change on thirty days notice:

I. ELECTRICITY

The charge will be based on a monthly meter reading and the current tariff rate (\$0.08 per KWH on 5/85) per KWH. Each bay of Building 4 may be separately metered.

II. GAS & OXYGEN

The charge will be based on a monthly meter reading and the current tariff rate (\$5.00 per 100 cf of gas consumed--assumes four parts oxygen to one part natural gas). Each bay of Building 4 may be metered separately.

III. WATER & SEWER

Each bay is assessed at the rate of \$137.50 per month.

IV. COMPRESSED AIR

The minimum service charge per bay is \$17.50 per workday and includes light duty service (air impact tools). Heavy use of air (blasting and coating) requires prior arrangement with PSRY Operations and is charged at \$70.00 per day.

Acknowledged: _____

Signature

Date

THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT
PORTLAND SHIP REPAIR YARD

THIS AGREEMENT, made and entered into this 29th day of March, 198⁵2, by and between THE PORT OF PORTLAND, a municipal corporation of the state of Oregon, hereinafter referred to as Port, and Lockheed Shipbuilding Company, a corporation organized and existing under the laws of the State of Nevada, hereinafter referred to as Contractor,

W I T N E S S E T H:

WHEREAS, the Port is the owner of the Portland Ship Repair Yard (PSRY), the boundaries of which are shown on Exhibit 1 attached hereto and by this reference made a part hereof, located in the County of Multnomah, state of Oregon, and operates the same for the promotion, accommodation, and development of ship repair, conversion, and construction; and

WHEREAS, the Port shall enter into a Common Use Agreement with Contractor and all other prime ship repair contractors engaging in the ship repair business at the PSRY, permitting the use of the PSRY in common with others,

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective parties, IT IS AGREED as follows:

ARTICLE VI - INDEMNITY AND INSURANCE

Section 6.01 - Indemnity: The Contractor agrees to indemnify and save and hold harmless The Port of Portland, its commissioners, agents, or employees and the United States of America (Department of the Navy) from and against all claims and actions and expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to person or their property, caused by the fault or negligence of the Contractor, its agents, or employees in the use or occupancy of the ship repair facilities and equipment: provided further that The Port of Portland shall give to the Contractor and the vessel owner prompt and reasonable notice of any such claims or actions and the Contractor and vessel owner shall have the right to investigate, compromise, and defend same.

Section 6.02 - Insurance:

A. Contractor shall, at its expense, maintain in full force and effect during the term of this Use Agreement a Ship Repairer's Legal Liability Policy and a Comprehensive General Liability policy placed with underwriters satisfactory to the Port. The Comprehensive General Liability policy shall be endorsed to include automobile, products/ completed operations, personal injury, broad form contractual, and [sudden accidental pollution liability] and shall specifically recognize and insure the indemnity provisions appearing as Section 6.01 of this Use Agreement between the Port and Contractor. Contractor shall promptly, after execution of this Use Agreement, furnish to the Port appropriate certificates of insurance evidencing coverage effected and

to be maintained for the term of this Use Agreement. Coverage shall be not less than Five Million Dollars (\$5,000,000) Combined Single Limit or split limits equal to not less than \$5,000,000 for Bodily Injury and Property Damage with respect to each occurrence (or such greater amount as may be mutually determined by Port and Contractor). The insurance policies shall not be subject to cancellation or material change except after notice to the Port by registered mail at least thirty (30) days prior to the date of such cancellation or material change. Where any policy(ies) has(have) normal expiration(s) during the term of this Use Agreement, written evidence of renewal shall be furnished to the Port at least thirty (30) days prior to such expiration.

B. The Port shall, during the term of this Use Agreement, procure and maintain Liability and Property insurance for the PSRY in such amounts and for such insured coverages as Port may determine reasonable to protect the Port's shipyard assets in common use. Proof of insurance will be provided to Contractor upon request.

ARTICLE VII - DEFAULT AND TERMINATION

Section 7.01 - Default: If, during the term hereof,

A. The Contractor shall fail to pay when due and owing any sum due hereunder and such failure shall continue for sixty (60) days; or

B. The Contractor shall fail to observe or perform any other of the Contractor's covenants, agreements, or obligations hereunder and

be the date such notice is deposited in a Post Office of the United States Postal Service, postage prepaid.

IN WITNESS WHEREOF, the parties hereto have subscribed their names this 29th day of March, 1985.

CONTRACTOR

By

J. W. Armstrong

THE PORT OF PORTLAND

By

John H. Blarney
President

By

W. A. Underwood
Assistant Secretary

APPROVED AS TO FORM

M. B. Rayburn
Counsel for
The Port of Portland

06/16/82
0401L:79A276

APPROVED BY COMMISSION

ON 3-13 1985

October 2, 1987


Marina Transport Line, Inc.
158 Meadowland Parkway
Secaucus, NJ 07094

CONTRACT NUMBER: 87-88

REFERENCE: LAY-UP AGREEMENT - SS B. T. ALASKA -
PORTLAND SHIP REPAIR YARD

The captioned contract with the Port of Portland requires that you provide a certificate of insurance evidencing protection and indemnity insurance not less than \$5 million per occurrence. This policy must be endorsed to provide the Port thirty days notice of cancellation and to include the Port, its Commissioners, officers, and employees as additional insureds. Please have your insurance broker or agent send the certificate to my attention.

If you have any questions regarding the foregoing, please contact me.


Mary Bowles
Risk Management Specialist

cc: Shirley Talkington

05J428

MB:3799d:ss

PSY100002468

AGREEMENT NO.:87-088: REVIEW DATE :07/01/1989 CANCELLED :No :
AMENDMENTS: : : REASON :Terminate :

Marine Transport Line, Inc. | LAST CHANGE DATE :07/26/1988:
Attn: Nick Orfaniades, Fleet Director
158 Meadowland Parkway
Secaucus NJ 07094

TYPE :Agreement for Layup of Vessel : : : :
ORDINANCE PORT LOCATION
:PSRY :

DESCRIPTION OF PREMISES : : : :
:Berth space at PSRY : : : :
: : : :

USE OF PREMISES : : : :
:Layup of theSS B.T. Alaska : : : :
: : : :

TAX # (LAND): : : TAX # (IMPS): : :

EFFECTIVE DATES : : : :
:08/24/1987: : : :
TERMINATION DATES : : : :
:08/24/1989: : : :

RENEWAL OPTIONS

PURCHASE PRICE | NO. OF ACRES | TAXES PAID BY | UTILITIES PAID BY
: : : : : : : :

RENT :\$524 per day. :

ESCALATION OF RENT

INSURANCE

Comprehensive general liability insurance of not less than \$5,000,000
combined single limit or split limits equal to but not less than
\$5,000,000 for BI and PD with respect to each occurrence.

EXPIRATION DATES - COMP : : FIRE : : OTHER : :

IMPROVEMENTS CONTEMPLATED

: : : :
: : : :

MISCELLANEOUS

THE PORT OF PORTLAND
PORTLAND SHIP REPAIR YARD

AGREEMENT FOR LAYUP OF VESSEL

THIS AGREEMENT, made and entered into this 24th day of August, 1987, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as the "Port," and MARINE TRANSPORT LINE, INC., a corporation organized and existing under the laws of the State of New Jersey, hereinafter referred to as "MTL,"

W I T N E S S E T H:

WHEREAS, the Port is the owner and operator of the Portland Ship Repair Yard (PSRY), located in the County of Multnomah, State of Oregon, and operates the same for the promotion, accommodation, and development of ship repair, conversion, and construction; and

WHEREAS, the Port and MTL have certain mutual beneficial interests in the layup of certain vessels which are either owned or chartered or managed by MTL;

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective parties, IT IS AGREED as follows:

ARTICLE I - TERM

The term of this Agreement shall commence on 24th August, 1987, and shall continue for twenty-four months unless terminated by either party upon thirty days' written notice.

ARTICLE II - LAYUP

Section 2.1 - Layberth Provided: The Port will provide to MTL a berth at PSRY which is suitable for the layup of the SS B.T. ALASKA being a 952.7-foot vessel, said berth or alternate berth to be available for the term of this Agreement. If the Port's layberth is outboard from another vessel, access to the SS B.T. ALASKA shall be by water side only, except in cases deemed by the Port to be an emergency, and then only if authorized security personnel accompany MTL personnel. Access to the vessel is to be arranged and provided for by MTL.

Section 2.2 - Port Berthage Charges: The charge for the berth will be \$0.55 per lineal foot of vessel or \$524.00 per day. MTL shall pay berthage charges each month in advance, and shall be due on or before the fifteenth of each month.

2.2.1 Vessel Shifting Charges: In order to provide MTL the layberth for the SS B.T. ALASKA, the Port will be required to shift two vessels currently in layup at the PSRY. The costs incurred by the Port for shifting the SS NORTHERN LIGHT and SS GRAND CANYON STATE, including but limited to tugs, pilots, linehandlers, connecting gangway, and utilities shall be paid by MTL. The cost incurred by the

Port in moving the above named vessels shall be documented and MTL shall pay the Port the documented costs when the first invoice for layberth charges is presented to MTL.

2.2.2 Credit for Layberth: In consideration of MTL fulfilling all of the terms and conditions of this Agreement, the Port will provide MTL with a credit in the amount of \$0.05 per foot per day, said sum equalling \$47.88 per day based on the layup of the SS B.T. ALASKA, which can be applied, in combination with any discount that the Port may offer to attract MTL's ship repair work, to reduce PSRY's Use Fee charges for ship repair work on either the SS B.T. ALASKA or SS B.T. SAN DIEGO which is commenced on or before June 1, 1990. Any credit earned but not used by MTL pursuant to this paragraph shall not be refunded to MTL.

Section 2.3 - Utilities and Charges: Subject to the available supply from local public utilities, the Port agrees to make utilities available to the vessel which will include electricity and water. Electricity shall be at 450 VAC, 60 HZ, 3 phase, 400 Amps and water at 85 PSIG and 250 GPM. MTL will be charged the rate of \$0.08 per kilowatt hour for electricity and \$0.04 per cubic foot of water consumed. These quantities shall be based on meter readings. Payment for utilities shall be each month based on an invoice for the previous month. Each invoice shall be due and payable no later than fifteen days after date of invoice.

2.3.1 Credit for Utilities: In consideration of MTL fulfilling all of the terms and conditions of this Agreement, the Port will provide MTL with a utility credit in the amount of \$0.01 per kilowatt hour of electricity used and paid for by MTL in connection with layup of the SS B.T. ALASKA. Said utility credit can be applied, in combination with any discount that the Port may offer to attract MTL's ship repair work, to reduce the PSRY's Use Fee charges for ship repair work on either the SS B.T. ALASKA or SS B.T. SAN DIEGO which is commenced on or before June 1, 1990. Any credit earned but not used by MTL pursuant to this paragraph shall not be refunded to MTL.

Section 2.4 - Place of Payment: MTL shall pay the Port all fees and charges setforth in this Agreement or any amendments thereto. Payment shall be to the Port of Portland, P.O. Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by MTL when due shall bear delinquency charges at the rate of 18% per annum. The delinquency charge of 18% on overdue accounts is subject to periodic adjustment to reflect the Port's then current rate charged on overdue accounts.

Section 2.5 - Damages to Port Berths: MTL shall be responsible for payment of all damages incurred to Port berths and equipment caused by MTL's or their agent's negligence. This section shall not be construed to include damages caused by normal wear and tear, maintenance or reasonable risks of moving the subject vessels.

Section 2.6 - Contractor(s) Required: Before the arrival of each vessel at the layberth, MTL shall designate a Ship Repair Contractor(s) to insure that all lines are placed and maintained during the layup, that utilities are properly installed and maintained, and that security provisions are managed. The Port shall have no liability for the security and safety of the vessel while berthed at the Ship Repair Yard facility. Any person, firm, corporation, or business entity performing work on the vessel(s) shall be signatory to a Port of Portland Use Agreement, except those performing normal and customary ship keeping duties.

Section 2.7 - Vessels to be Gas Free: Upon layup, all vessels shall be certified as "gas free" by a chemist and that certificate shall be maintained for the duration that the vessel is in Portland Ship Repair Yard.

Section 2.8 - Vessels to be Moved or Moored Outboard:

2.8.1 The Port may require a vessel to move to another suitable berth, temporarily, to make necessary repairs to the present berth or for adequate movement of other vessels. In such a case, the Port will be responsible for payment of tugs, pilots, and line handlers, but no other charges.

2.8.2 The Port, with reasonable notice to MTL, may moor a vessel outboard of MTL's vessels upon approval of the suitability of the mooring and fendering system, and adequate indemnity provisions. Such approval by MTL shall not be unreasonably withheld.

2.8.3 In the event MTL desires to move the SS B.T. ALASKA, it shall pay for any charges associated with the move.

ARTICLE III - OTHER SERVICES

Section 3.1 - Other Port Services: The Port will provide other services and facilities as requested by MTL. Such services and facilities are described in and shall be billed according to the Port tariff in effect at the time that services are rendered.

Section 3.2 - Limitation on Services: The Port shall not be responsible or liable for freeze protection, caretaker functions, or vessel security.

ARTICLE IV - MTL'S COMMITMENT TO SHIP REPAIRS

Section 4.1 Commitment to Ship Repairs: In addition to the price consideration, MTL and the successor owners and managers of the SS B.T. ALASKA agree that any and all dry dock and activation work on the SS B.T. ALASKA or the SS B.T. SAN DIEGO shall be performed at PSRY using bonafide contractors signatory to the PSRY Use Agreement.

Section 4.2 - Forfeit of Credit: Failure to perform such repairs and dry docking on or before June 1, 1990, on both the BT SAN DIEGO and BT ALASKA will result in forfeiture of all the credits available under paragraphs 2.2.2 and 2.3.1 of this Agreement.

ARTICLE V - INDEMNITY AND INSURANCE

Section 5.1 - Indemnity: MTL agrees to indemnify, save and hold harmless the Port, its commissioners, agents, or employees from and against all claims and actions and expenses incidental to the investigation and defense thereof, based upon or arising out of damages or injuries to person or their property, caused by the default or negligence of MTL, its agents, or employees in the use or occupancy of the ship repair facilities and equipment; provided further that the Port shall give to MTL and the vessel owner prompt and reasonable notice of any such claims or actions and MTL shall have the right to investigate, compromise, and defend same.

Section 5.2 - Insurance: MTL shall, at its expense, maintain in full force and effect during the term of this Agreement a Comprehensive General Liability policy placed with underwriters satisfactory to the Port. The Comprehensive General Liability policy shall be endorsed to include automobile, products/completed operations, personal injury, broad form contractual, and sudden accidental pollution liability and shall specifically recognize and insure the indemnity provisions appearing as Section 5.1 of this Agreement between the Port and MTL. MTL shall promptly, after execution of this Agreement, furnish to the Port appropriate certificates of insurance evidencing coverage effected and to be maintained for the term of this Agreement. Coverage shall not be less than \$5,000,000 Combined Single Limit or split limits equal to but not less than \$5,000,000 for Bodily Injury and Property Damage with respect to each occurrence (or such greater amount as may be mutually determined by Port and MTL). The

insurance policies shall not be subject to cancellation or material change except after notice to the Port by registered mail at least thirty days prior to the date of such cancellation or material change. Where any policy(ies) has(have) normal expiration(s) during the term of this Agreement, written evidence of renewal shall be furnished to the Port at least thirty days prior to such expiration.

ARTICLE VI - DEFAULT AND TERMINATION

Section 6.1 - Default: If, during the term hereof,

A. MTL shall fail to pay when due and owing any sum due hereunder and such failure shall continue for thirty days; or

B. MTL shall fail to observe or perform any other of MTL's covenants, agreements, or obligations hereunder and such failure shall not be cured by MTL within forty-five days after written notice thereof by the Port; or

C. MTL's interest in this Agreement or any part thereof be mortgaged, pledged, or otherwise encumbered or transferred either voluntarily or by operation of law, or such interest or any part thereof be assigned or sublet by MTL except in accordance with the provisions of Section 7.1 hereof; or

D. MTL shall file any petitions or institute any proceeding under the Bankruptcy Act, either as such Act now exists or under any amendment thereof which may hereafter be enacted, or under any act or acts, state or federal, dealing with or relating to the subject or

subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt, or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby MTL asks or seeks or prays to be adjudicated as bankrupt, or to be discharged from all or any of MTL's debts or obligations, or offers to MTL's creditors to effect a composition or extension of time to pay MTL's debts, or asks, seeks, or prays for a reorganization or to effect a plan of reorganization or for a readjustment of MTL's debts, or for any similar relief, or if an involuntary petition in bankruptcy is filed against MTL and the same is not discharged within sixty days from such filing, or if any other petition or any other proceedings of the foregoing or similar kind of character be filed or be instituted or taken against MTL, or if a receiver of the business or of the property or assets of MTL shall be appointed by any court except a receiver appointed at the request of the Port, or MTL shall make a general or any assignment for the benefit of MTL's creditors;

Then in any such events, MTL shall be in default hereunder.

If MTL shall be in default hereunder as aforesaid, the Port may, at its election, at the time MTL shall be in default hereunder, or at any time thereafter while such event of default shall continue, give MTL written notice of intention to terminate this Agreement on a date specified in said notice, which date shall not be earlier than ten days after such notice is given, and if all defaults have not been cured on the date so specified, MTL's rights, privileges, and possessions under this Agreement shall cease, and with or without

re-entry by the Port, this Agreement and the term hereof shall thereupon cease, and the Port may cancel all of MTL's rights and privileges as specified, and MTL shall forthwith surrender possession thereof; provided that, MTL shall be and shall remain liable for all charges accrued hereunder, liquidated damages, and for all other sums then owing by MTL hereunder.

Section 6.2 - Termination: This Agreement may be terminated upon the default of either party or upon thirty days' written notice by either party.

ARTICLE VII - GENERAL PROVISIONS

Section 7.1 - Assignment: Neither MTL nor any assignee or other successor of MTL shall in any manner, directly or indirectly, by operation of law or otherwise, assign, transfer, or encumber any of MTL's rights in and to this Agreement or any interest therein, nor license or permit the use of the rights herein granted in whole or in part without the prior written consent of the Port. Any attempt at such assignment or other transfer, without the written consent of the Port, shall be void. MTL shall have the right to assign all or any part of its rights and interests under this Agreement to any successor to its business through merger, consolidation, or voluntary sale or transfer of substantially all of its assets, and the consent of the Port thereto shall not be required, but due notice of any such assignment shall be given to the Port within sixty days after such assignment is executed.

Section 7.2 - Attorneys' Fees: In the event any action, or suit or proceeding is brought to collect the fees and charges due, or to become due hereunder, or any portion thereof, or to take possession of any premises or enforce compliance with this Agreement, or for failure to observe any of the covenants of this Agreement, the prevailing party in such suit or action shall be entitled to such sum as the court may adjudge reasonable as attorneys' fees to be allowed in such suit, action, or proceeding, or in the event of an appeal, as allowed by the appellate court.

Section 7.3 - Vessel Owner's Agent: The parties hereto understand that MTL is an agent for the SS B.T. ALASKA owner, Marine Alaska, Inc., and that MTL has the full authority to act on behalf of said vessel owner.

Section 7.4 - Notices: All notices required under this Use Agreement shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, attention Executive Director, and to MTL at Marine Transport Lines, Inc., 150 Meadowland Parkway, Secaucus, New Jersey 07094, Attn: Nick Orfanades, Fleet Director. Date of service of such notice shall be the date such notice is deposited in a Post Office of the United States Postal Service, postage prepaid.

Section 7.5 - No Benefit to Third Parties: The Port and MTL are the only parties to this Agreement and as such are the only parties entitled to enforce its terms. Nothing in this Agreement gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 7.6 - Compliance with Law: MTL shall comply with all applicable state, federal, and local laws, rules, regulations, and policies including but not limited to Port ordinances, rules, and regulations relating to the use of the Ship Repair Yard.

IN WITNESS WHEREOF, the parties hereto have subscribed their names this 24th day of August, 1987.

MARINE TRANSPORT LINE, INC.

By

Robert C. Murphy

By

THE PORT OF PORTLAND

By

Ann

President

APPROVED AS TO LEGAL SUFFICIENCY

MB Playfair
Counsel for
The Port of Portland

08/25/87
3842L:12G084

THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT

PORTLAND SHIP REPAIR YARD

Amendment No. 1

WHEREAS, by an agreement between THE PORT OF PORTLAND, hereinafter referred to as Port, and MARINE WAYS, INC., hereinafter referred to as Contractor, dated February 1, 1985, the Port entered into a Ship Repair Yard Use Agreement, hereinafter referred to as Original Agreement, with Contractor and all other prime ship repair contractors engaging in the ship repair business at the Portland Ship Repair Yard, hereinafter referred to as PSRY, permitting the use of the PSRY in common with others, setting Contractor rights and obligations, defining the maintenance, operation, and rehabilitation of PSRY, defining fees and their uses and other general provisions; and

WHEREAS, the majority of interest of the Prime Ship Repair Contractors and the Port have entered into negotiations and have agreed to modify said Agreement;

NOW, THEREFORE, the Original Agreement is amended as follows:

ARTICLE II - TERM

The term of the Original Agreement shall be extended until June 30, 1990.

ARTICLE V - REVENUES AND RESOURCES

1. Change Section 5.03 to read as follows:

Section 5.03 - PSRY Use Fee

- A. For the non-exclusive use, in common with others, of the land areas described in Exhibit 1, Contractor agrees to pay a PSRY REhabilitation Fee, the rate of which shall be set from time to time as described in Section 5.08 (A).
- B. For the use of the facilities within the boundaries described in Exhibit 1, for a specific business contract, Contractor agrees to pay a PSRY Use Fee, the rate of which shall be set from time to time as described in Section 5.08 (B).

2. Change Section 5.06 as follows:

Section 5.06 - Application of Fees

- A. Grant proceeds and revenues produced under Section 5.03 (A) in each fiscal year of the Port shall be used to fund the PSRY Rehabilitation Account.
- B. Revenues produced under Section 5.03 (B) in each fiscal year of the Port shall be used in accordance with Section 5.05.

3. Change Section 5.07 (B) as follows:

Payments by prime ship repair contractors under Sections 5.03 (A) and 5.03 (B) shall be made as follows:

At the end of each calendar month, Contractors shall furnish to the Port, in a form agreed upon by the parties hereto, an accounting report of all billings as defined in Section 5.08 (C). The Port shall review such accounting reports for completeness and independently calculate the Rehabilitation Fee and the Use Fee in accordance with the then-current rate and render an invoice for any sum due. Payment of the Rehabilitation Fee and the Use Fee is subject to the same terms and conditions as prescribed in the then current PSRY Tariff.

4. Change Section 5.08 as follows:

Section 5.08 - PSRY Rehabilitation Fee and Use Fee:

- A. The PSRY Rehabilitation Fee is established at 1.4 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.
- B. The PSRY Use Fee is established at 4.3 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.

- C. Billings are defined as all charges made by the Contractor for ship repair, conversion, or construction work which has been accomplished in whole or in part within the confines of the PSRY as defined in Exhibit 1. This includes charges made by the Contractor for subcontractors, subsidiaries, vendors, and other suppliers of goods and services, but excludes PSRY Tariff charges and bad debts for ship repair, conversion, and construction written off during the month. Bad debts written off hereunder, but later recovered shall be included in "billings" of the month in which recovery occurs. Billings used as a basis for Port charges and fees are subject to modification based on negotiations between the parties prior to application of such charges and fees.

Except as modified by this Amendment No. 1, the Original Agreement is affirmed and shall remain in full force and effect.

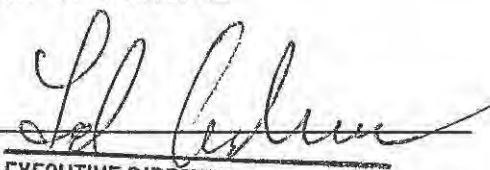
IN WITNESS WHEREOF, the parties hereto have signed their names this 1st day of February, 1985.

MARINE WAYS, INC.

By 
Jim Oliphant


By _____

THE PORT OF PORTLAND

By 
EXECUTIVE DIRECTOR

By _____

APPROVED AS TO LEGAL SUFFICIENCY
BY COUNSEL



THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT

PORTLAND SHIP REPAIR YARD

Amendment No. 2

WHEREAS, by an agreement between THE PORT OF PORTLAND, hereinafter referred to as Port, and C. H. MURPHY, INC., hereinafter referred to as Contractor, dated October 1, 1985, the Port entered into a Ship Repair Yard Use Agreement, hereinafter referred to as Original Agreement, with Contractor and all other Prime Ship Repair Contractors engaging in the ship repair business at the Portland Ship Repair Yard, hereinafter referred to as PSRY, permitting the use of the PSRY in common with others, setting Contractor rights and obligations, defining the maintenance, operation, and rehabilitation of PSRY, defining fees and their uses and other general provision; and

WHEREAS, the majority of interest of the Prime Ship Repair Contractors and the Port have entered into negotiations and have agreed to modify said Agreement;

NOW, THEREFORE, the Original Agreement, as previously amended by Amendment No. 1, is amended further to read as follows:

Change Section 5.08C as follows:

Billings are defined as all charges made by Contractor for ship repair, conversion, or construction work which has been accomplished in whole or in part within the confines of the PSRY as defined in Exhibit 1. This includes, but is not limited to, charges made by the Contractor for subcontractors, subsidiaries, vendors, and other suppliers of goods and services, but excludes amounts charged by Contractor for recovery of PSRY Rehabilitation Fees and Use Fees; PSRY Tariff charges; and bad debts for ship repair, conversion, and construction written off during the month. Bad debts written off hereunder, but later recovered shall be included in "billings" of the month in which recovery occurs. Billings used as a basis for Port charges and fees are subject to modification based on negotiations between the parties prior to application of such charges and fees.

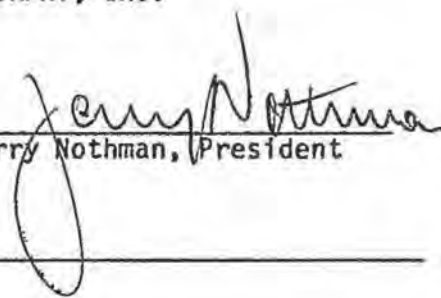
Except as modified by this Amendment No. 2, the Original Agreement and Amendment No. 1 are affirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed their names this 1st day of October, 1985.

C. H. MURPHY, INC.

THE PORT OF PORTLAND


By


Jerry Nothman, President


EXECUTIVE DIRECTOR

By

APPROVED AS TO LEGAL SUFFICIENCY
BY COUNSEL



THE PORT OF PORTLAND
SHIP REPAIR YARD USE AGREEMENT

PORTLAND SHIP REPAIR YARD

Amendment No. 1

WHEREAS, by an agreement between THE PORT OF PORTLAND, hereinafter referred to as Port, and C. H. MURPHY, INC., hereinafter referred to as Contractor, dated October 1, 1985, the Port entered into a Ship Repair Yard Use Agreement, hereinafter referred to as Original Agreement, with Contractor and all other prime ship repair contractors engaging in the ship repair business at the Portland Ship Repair Yard, hereinafter referred to as PSRY, permitting the use of the PSRY in common with others, setting Contractor rights and obligations, defining the maintenance, operation, and rehabilitation of PSRY, defining fees and their uses and other general provisions; and

WHEREAS, the majority of interest of the Prime Ship Repair Contractors and the Port have entered into negotiations and have agreed to modify said Agreement;

NOW, THEREFORE, the Original Agreement is amended as follows:

ARTICLE II - TERM

The term of the Original Agreement shall be extended until June 30, 1990.

ARTICLE V - REVENUES AND RESOURCES

1. Change Section 5.03 to read as follows:

Section 5.03 - PSRY Use Fee

- A. For the non-exclusive use, in common with others, of the land areas described in Exhibit 1, Contractor agrees to pay a PSRY REhabilitation Fee, the rate of which shall be set from time to time as described in Section 5.08 (A).
- B. For the use of the facilities within the boundaries described in Exhibit 1, for a specific business contract, Contractor agrees to pay a PSRY Use Fee, the rate of which shall be set from time to time as described in Section 5.08 (B).

2. Change Section 5.06 as follows:

Section 5.06 - Application of Fees

- A. Grant proceeds and revenues produced under Section 5.03 (A) in each fiscal year of the Port shall be used to fund the PSRY Rehabilitation Account.
- B. Revenues produced under Section 5.03 (B) in each fiscal year of the Port shall be used in accordance with Section 5.05.

3. Change Section 5.07 (B) as follows:

Payments by prime ship repair contractors under Sections 5.03 (A) and 5.03 (B) shall be made as follows:

At the end of each calendar month, Contractors shall furnish to the Port, in a form agreed upon by the parties hereto, an accounting report of all billings as defined in Section 5.08 (C). The Port shall review such accounting reports for completeness and independently calculate the Rehabilitation Fee and the Use Fee in accordance with the then-current rate and render an invoice for any sum due. Payment of the Rehabilitation Fee and the Use Fee is subject to the same terms and conditions as prescribed in the then current PSRY Tariff.

4. Change Section 5.08 as follows:

Section 5.08 - PSRY Rehabilitation Fee and Use Fee:

- A. The PSRY Rehabilitation Fee is established at 1.4 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.
- B. The PSRY Use Fee is established at 4.3 percent of the Contractor's billings as defined in Section 5.08 (C). This rate is subject to adjustment upon agreement of the Majority of Interest of the Contractors and the Port following thirty (30) days notice of such adjustment. Quotations or bids on work made by the Contractor prior to receipt of notice shall not be subject to an increased rate.

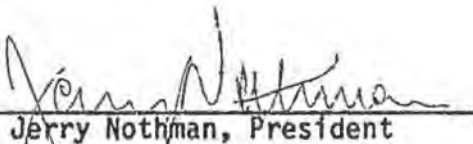
- C. Billings are defined as all charges made by the Contractor for ship repair, conversion, or construction work which has been accomplished in whole or in part within the confines of the PSRY as defined in Exhibit 1. This includes charges made by the Contractor for subcontractors, subsidiaries, vendors, and other suppliers of goods and services, but excludes PSRY Tariff charges and bad debts for ship repair, conversion, and construction written off during the month. Bad debts written off hereunder, but later recovered shall be included in "billings" of the month in which recovery occurs. Billings used as a basis for Port charges and fees are subject to modification based on negotiations between the parties prior to application of such charges and fees.

Except as modified by this Amendment No. 1, the Original Agreement is affirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed their names this 1st day of October, 1985.

C. H. MURPHY, INC.

By


Jerry Nothman, President

By

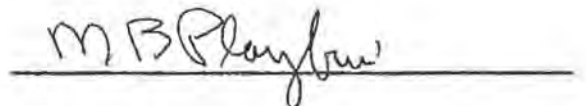
THE PORT OF PORTLAND

By


EXECUTIVE DIRECTOR

By

APPROVED AS TO LEGAL SUFFICIENCY
BY COUNSEL



MONTH-TO-MONTH
LEASE OF IMPROVED SPACES

THIS LEASE, dated September 1, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and CASCADE GENERAL, a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of the space described in Attachment 'A'.

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Shops, offices and yardspace related to ship repair.

ARTICLE II - TERM

Section 2.01 - Term: The term of this lease shall commence on September 1, 1987, and shall continue through November 30, 1987, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum identified in Attachment 'A'. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the

sixty (60) day period. Port shall have no liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose

of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone excepted.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in

addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the effects of any of them,

forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession any of any and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.

Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic' lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provision of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee

forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at CASCADE GENERAL, 5555 N. Channel Avenue, Portland Ship Repair Yard, Building 64, Portland, Oregon 97217, a representative of which can be reached at 286-3895.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

CASCADE GENERAL

THE PORT OF PORTLAND

By William J. Lundmark By [Signature]
Executive Director

By _____

By _____

APPROVED AS TO FORM:

APPROVED AS TO LEGAL SUFFICIENCY:

Counsel for Lessee

[Signature]
Counsel for The Port of Portland

ATTACHMENT 'A'

Page 1 of 2

Building 9 (64)

HVAC Office*	3,000 sf @ \$0.65	=	\$1,950.00
Heated Office*	260 sf @ \$0.50	=	130.00
Warehouse/Shop*	2,815 sf @ \$0.30	=	844.50
Small Crane Served Shop*	7,595 sf @ \$0.26	=	1,974.70

Bldg. 9 (64) Subtotal	13,670 sf	=	\$4,898.50
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Building 63

Warehouse/Shop*	1,172 sf @ \$0.30	=	\$ 351.60
Small Crane Served Shop*	11,495 sf @ \$0.32	=	3,678.40

Bldg 63 Subtotal	12,667 sf @	=	\$4,030.00
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Building 63A

Vehicle Shop*	1,132 sf @ \$0.32	=	\$ 362.24
Shed Area*	4,658 sf @ \$0.15	=	698.70
Fenced Yard Space	2,500 sf @ \$0.06	=	150.00

Bldg. 63A Subtotal	8,290 sf	=	\$1,210.94
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Building 50

Warehouse/Shop*	3,000 sf @ \$0.30	=	\$ 900.00
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Bldg. 4, Bay 8

Heated Office	2,775 sf @ \$0.50	=	\$1,387.50
Large Crane Served Shop	22,862 sf @ \$0.24	=	5,486.88
Fenced Yard Space	5,625 sf @ \$0.06	=	337.50

Bldg. 4, Bay 8 Subtotal	31,262 sf	=	\$7,211.88
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ATTACHMENT 'A'

Page 2 of 2

Bldg. 4, Bay 9

Large Crane Served Shop	25,000 sf @ \$0.26	=	\$6,500.00
Fenced Yard Space	5,625 sf @ \$0.06	=	337.50

Bldg. 4, Bay 9 Subtotal 30,625 sf = \$6,837.50

Bldg. 4, Bay 10

Warehouse/Shop	7,859 sf @ \$0.30	=	\$2,357.70
Large Crane Served Shop	20,670 sf @ \$0.26	=	5,374.20
Fenced Yard Space	5,625 sf @ \$0.06	=	337.50

Bldg. 4, Bay 10 Subtotal 34,154 sf = \$8,069.40

* Summary (Except Bldg. 4) for Calculating Utilities

Warehouse/Shop	12,777 sf
Crane Served Shop	19,090 sf
Heated Office	260 sf
HVAC Office	3,000 sf

35,127 sf

TOTAL RENT = \$33,158.22

ATTACHMENT 'B'

Page 1 of 2

This disclosure statement refers to the lease dated _____, between the PORT OF PORTLAND and CASCADE GENERAL, for the month-to-month rental of the improved space shown on Attachment 'A' (except for areas in Bldg. 4.)

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
Y	Electricity	
N	Natural Gas	(\$0.46/ccf)
N	Steam	(\$265.00/service day)
N	Compressed Air	(\$17.50/workday-Light Service) (\$70.00/workday-Heavy Service)
N	Oxygen-with Gas	(\$5.00/100 cf of Gas Consumed)
Y	Area Heat	(Office Areas Only)
Y	Area Air Cond.	(HVAC Areas Only)
Y	Water	
Y	Sewer	
Y	Flat rate of:	
	Warehouse/Shop	12,777 sf @ \$0.05 = \$638.85
	Crane Served Shop	19,090 sf @ \$0.05 = \$954.50
	Heated Office	260 sf @ \$0.10 = \$ 26.00
	HVAC Office	3,000 sf @ \$0.15 = \$450.00

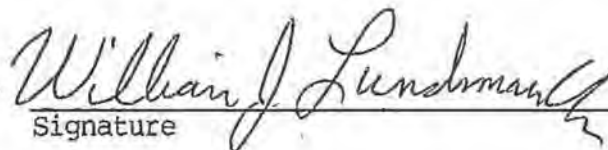
Total \$2,069.35 per month

TELEPHONE SERVICE, REFUSE COLLECTION, AND JANITORIAL SERVICES ARE THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

ACKNOWLEDGED:

Signature



Date

PSY100002506

ATTACHMENT 'B'

Page 2 of 2

This disclosure statement is attached to and a part of the lease dated September 1, 1987 between the PORT OF PORTLAND and CASCADE GENERAL for the lease of improved space known as Building 4 as listed in Attachment 'A'. For the purpose of this lease, the following utilities are provided at the stated rates subject to change on thirty-days notice:

I. ELECTRICITY

The charge will be based on a monthly meter reading and the current tariff rate (\$0.08 per KWH on 5/85) per KWH. Each bay of Building 4 may be separately metered.

II. GAS & OXYGEN

The charge will be based on a monthly meter reading and the current tariff rate (\$5.00 per 100 cf of gas consumed-- assumes four parts oxygen to one part natural gas). Each bay of Building 4 may be metered separately.

III. WATER & SEWER

Each bay is assessed at the rate of \$137.50 per month.

IV. COMPRESSED AIR

The minimum service charge per bay is \$17.50 per workday with a 22 workday per month minimum and includes light duty service (air impact tools). Heavy use of air (blasting and coating) requires prior arrangement with PSRY Operations and is charged at \$70.00 per day.

Acknowledged: William J. Lundmark
Signature Date

PSY100002507

MONTH-TO-MONTH
LEASE OF IMPROVED SPACES

THIS LEASE, dated September 1, 1987, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and CASCADE GENERAL, a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of the space described in Attachment 'B'.

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Shops, offices and yardspace related to ship repair.

ARTICLE II - TERM

Section 2.01 - Term: The term of this lease shall commence on September 1, 1987, and shall continue through November 30, 1987, unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum identified in Attachment 'B'. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the

sixty (60) day period. Port shall have no liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

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of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

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Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

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forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession any of any and every other notice or demand prescribed by any law of the State of Oregon.

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Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic' lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provision of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee

forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at CASCADE GENERAL, 5555 N. Channel Avenue, Portland Ship Repair Yard, Building 64, Portland, Oregon 97217, a representative of which can be reached at 286-3895.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

CASCADE GENERAL

THE PORT OF PORTLAND

By William J. Lundmark By [Signature]
Executive Director

By _____

By _____

APPROVED AS TO FORM:

APPROVED AS TO LEGAL SUFFICIENCY:

Counsel for Lessee

[Signature]
Counsel for The Port of Portland

ATTACHMENT 'A'

This disclosure statement refers to the lease dated _____, between the PORT OF PORTLAND and CASCADE GENERAL, for the month-to-month rental of the improved space commonly known as improved yard space.

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
Y	Electricity	(\$0.08/kwh)
N	Natural Gas	(\$0.46/ccf)
N	Steam	(\$265.00/service day)
N	Compressed Air	(\$17.50/workday-Light Service) (\$70.00/workday-Heavy Service)
N	Oxygen-with Gas	(\$5.00/100 cf of Gas Consumed)
N	Area Heat	Not Available
N	Area Air Cond.	Not Available
N	Water	(\$4.00/ccf of Water consumed)
N	Sewer	-or- (\$137.50/month)
Y	Flat rate of:	
	Shop:	\$0.05/sf/month
	Office:	\$0.15 per square foot

TELEPHONE SERVICE, REFUSE COLLECTION, AND JANIITORIAL SERVICES ARE THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

ACKNOWLEDGED:

William J. Lundmark
Signature

Date

ATTACHMENT 'B'
CASCADE GENERAL
MONTH-TO-MONTH YARDSPACE
As of September 1, 1987

A. Near Berth 312 Lunch Room	40' x 150' = 6,000 sf
B. Near Sand Blast Bldg.	180' x 160' = 15,025 sf
C. Across from Building 4, Bay 6	128' x 225' = 28,800 sf
D. Across from Building 4, Bay 1 & 2	175' x 235' = 31,375 sf
E. Near the Ballast Water Treatment Plant	70' x 80' = 5,600 sf
G. Sandblast Hopper & Ramp	75' x 110' = 8,250 sf
H. Near Paint Storage	20' x 80' = 1,600 sf
K. Near Berth 314 Lunch Room	75' x 150' = 11,250 sf
L. Near Central Utility Building	75' x 100' = 7,500 sf

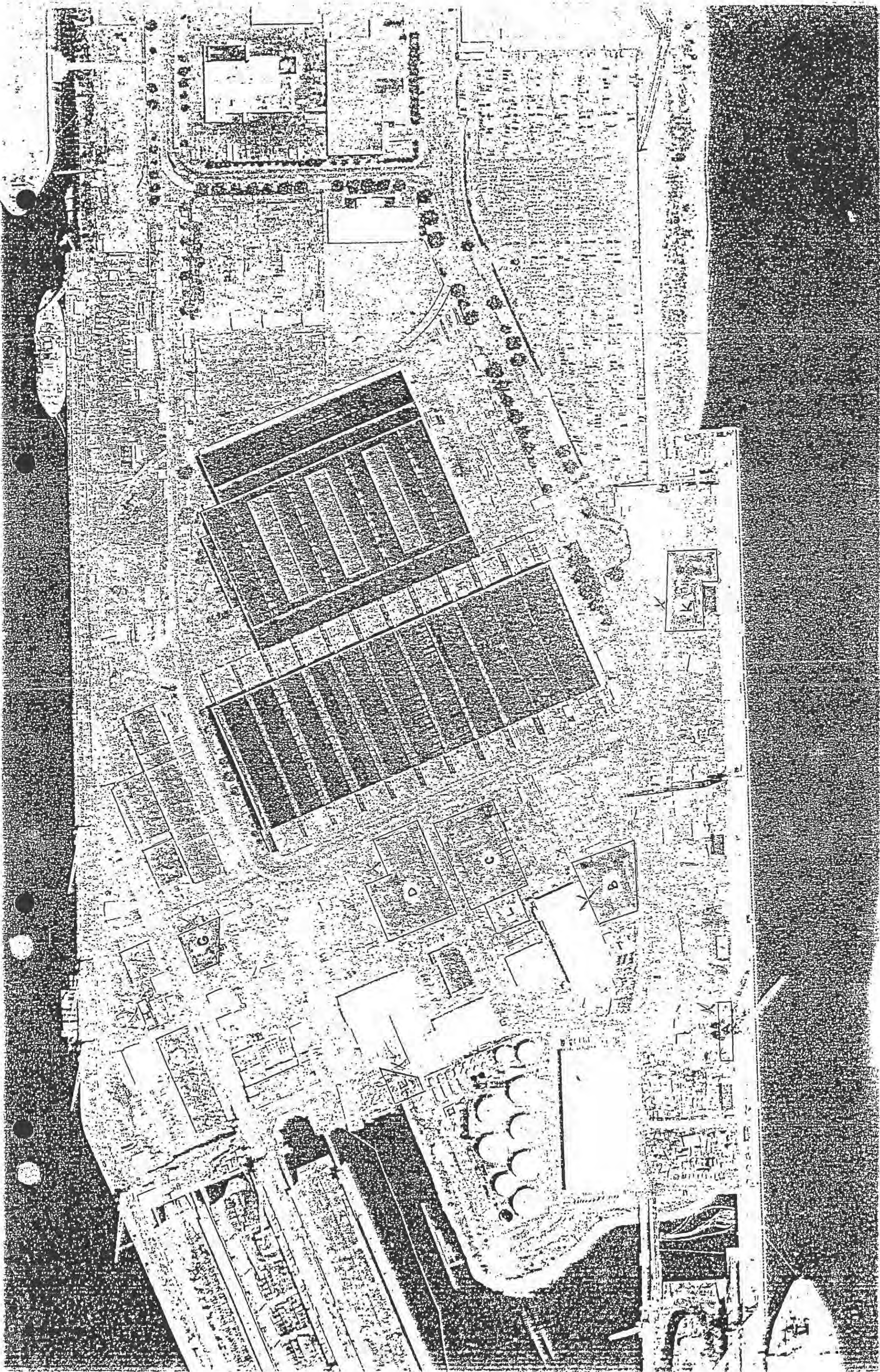
TOTAL CASCADE GENERAL YARD SPACE:

115,400 sf @ \$0.06/sf = \$6,924.00

ACKNOWLEDGED:

William J. Lundmark
Signature

Date



MONTH-TO-MONTH
LEASE OF IMPROVED SPACES

THIS LEASE, dated 11/11/88, by and between THE PORT OF PORTLAND, a port district of the State of Oregon, hereinafter referred to as "Port," and CASCADE GENERAL, a corporation organized under the laws of the State of Oregon, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.1. - Description: Port leases to Lessee, and Lessee leases from the Port on the terms and conditions stated below, the Premises consisting of approximately 25,000 square feet which is on the date of this Lease improved and commonly known as Building 4, Bay 7 as shown in Exhibit A, attached hereto, (hereinafter referred to as "Premises").

Section 1.2 - Use of Premises: Lessee may use the Premises only for the following purpose: Business related to ship repair.

ARTICLE II - TERM

Section 2.1 - Term: The term of this lease shall be on a month-to-month basis commencing on November 1, 1988, and shall be automatically renewed, unless terminated by either party upon thirty (30) days written notice or by Lessee's default as provided herein.

ARTICLE III - RENTAL

Section 3.1 - Basic Rent: Lessee shall pay to Port as rent the sum of Four Thousand Five Hundred Dollars (\$4,500.00) per month. Rent shall be due on the first (1st) day of each calendar month in advance, and delinquent if not paid by the tenth (10th) day of each month.

Section 3.2 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Maintenance: Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by Lessee or the Port, in good and substantial repair and condition, including the exterior condition thereof, and shall make all necessary repairs and alternations thereto. Lessee shall provide proper containers for trash and garbage and shall keep the Premises free and clear of rubbish, debris, and litter at all times.

Section 4.2 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port.

Section 4.3 - Use of Equipment: Lessee shall make no use of equipment on Port property which is capable of exploding or causing explosions without the prior written consent of the Port.

Section 4.4 - Prohibited Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.5 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased Premises. The utilities which may be provided by the Port and the applicable rates are shown on Exhibit B, attached hereto.

Section 4.6 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises.

Section 4.7 - Permits: Lessee shall file with the Port copies of all permits and other applicable documents relating to environmental quality and/or hazardous waste storage, use, transfer or disposal.

Section 4.8 - Liens: The Lessee shall not suffer or permit any mechanic's or materialman's lien to be filed against the fee of the Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to

contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic's, materialman's or other lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.9 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term or any extension hereof may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises of facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or lien on any of said property or taxable interest therein shall be paid in full without proration by Lessee forthwith or as soon as a statement thereof has been issued by tax collector.

ARTICLE V - PORT OBLIGATIONS AND WARRANTIES

Section 5.1 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering

possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have no Liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 5.2 - Port's Warranty of Ownership: Port warrants that it is the owner of the Premises and has the right to lease said Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone claiming by, through or under the Port and the Port will defend Lessee's right to quiet enjoyment of the Premises from disturbance by anyone claiming by, through or under the Port.

Section 5.3 - Condition of Premises: The Port makes no warranties or representations regarding the condition of the Premises. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any damage or injury caused by the condition of Premises.

ARTICLE VI - INDEMNITY AND INSURANCE

Section 6.1 - Indemnity: Lessee agrees fully to indemnify, save harmless, and defend the Port, its commissioners, directors, officers, and employees from and against all claims and actions and all expenses incidental to the investigation and defense thereof, including but not limited to those claims or actions, based upon or arising out of damages or injuries to persons or property, caused by the fault or negligence in whole or in part of the Lessee, its contractors, subcontractors or employees arising out of or in any way connected with Lessee's use or occupancy of the Premises or Improvements; provided that the Port shall give to the Lessee prompt and reasonable notice of any such claims or actions, and the Lessee shall have the right to investigate, compromise, and defend same, and further provided that such claim is not the result of a negligent act or action of the Port.

6.1.1 In addition to the indemnity provided in Section 6.1 above, the Lessee agrees to indemnify, save and hold harmless the Port from and against all damages, costs, liabilities, and expenses caused by, arising out of, or in connection with, the handling, storage, discharge, transportation, or disposal of hazardous or toxic wastes or substances, pollutants, oils, materials or contaminants, as those terms are defined by federal, state, or local environmental law or regulation, including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 7401 et. seq.); and 1985 Oregon Laws Ch. 733, as the same may be amended from time to time. Such

damages, costs, liabilities and expenses shall include such as are claimed to be owned by any regulating and administering agency.

Section 6.2 - Insurance:

6.2.1 Lessee shall maintain a commercial general and automobile liability insurance policy or policies for the protection of Lessee and the Port, its commissioners, directors, officers, and employees, insuring Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of Lessee on or from the Premises with insurance of not less than \$1,000,000 combined single limit. Lessee shall maintain a commercial general liability policy, including fire legal liability and automobile liability.

6.2.2 All insurance shall name the Port, its commissioners, directors, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by Lessee.

6.2.3 Lessee shall maintain in force Worker's Compensation insurance, including coverage for Employer's Liability and, if applicable, the Longshoremen's and Harbor Workers' Compensation Act.

6.2.4 Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than thirty days' written notice to the Port and Lessee before such policies may be revised, nonrenewed, or cancelled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.2.5 The Port shall have the right to review the limits of insurance required herein as determined to be necessary by the Port. In the event the Port determines that such limits should be increased or lowered, the Port will provide 30-days notice to the Lessee of such determination and the Lessee shall, if the limits are increased, modify its coverage to comply with with new limits and provide the Port with an updated certificate.

ARTICLE VII - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.2 - Duties on Termination: Upon termination of the Lease for any reason, Lessee shall deliver all keys to the Port and surrender the Premises and improvements in good condition. Alterations constructed by the Lessee shall be removed at the sole discretion of the Port, and, if removal is required, the Premises

shall be restored to its original condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which the Port has determined the Lessee responsible shall be completed prior to such surrender.

Section 7.3 - Title to Improvements: Upon termination of this Lease by the passage of time or for any reason, the Port shall have the option to either require removal of all structures, installations, or improvements installed by Lessee within ninety (90) days after the expiration of the Lease at Lessee's expense or shall have the option to take title to such structures, installations, and improvements. All additions, improvements and fixtures, except the moveable office furniture, equipment and trade fixtures of the Lessee, made or added either by the Lessee or Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee's expense.

ARTICLE VIII - DEFAULT

Section 8.1 - Events of Default:

The following shall be events of default:

8.1.1 Default in Rent: Failure of Lessee to pay any rent or other charge as provided herein within ten days after it is due. Lessee's liability to the Port for default shall survive termination of this Lease.